

1955

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: [REDACTED]

(Draft) 25X1X7

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1. Review of [REDACTED] Sino-Soviet Bloc Economic Penetration in the Middle East and South and South-East Asia" discloses that [REDACTED] is in substantial agreement with the views held in OPR on the subject. These OPR evaluations have been reflected in the various reports prepared for OGI, OPR, DE/P and the ICI over the past several months.

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2. The [REDACTED] draft cited above did contain one conclusion which is contrary to OPR evaluations, i.e., that there appeared to be no coordination in the penetration efforts of the Soviet Union and the Satellites (including China). A revised Draft, however, has reversed the above conclusion and indicates that [REDACTED] is now in agreement with the OPR view that such coordination is a fact. Conclusions of the revised draft are reported in [REDACTED]

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3. OPR [REDACTED] have apparently used the same fund of information in their reports. Two exceptions should be noted, however. OPR discounts the reported conversion of a \$3,500,000 credit to Afghanistan into an outright grant. Rumors of such a transaction have never been substantiated. Secondly, the reported \$4,200,000 credit offered to Burma is not known to us, although [REDACTED] may have a reported figure of the recent Soviet-Burmese agreement under which the USSR will provide technical aid and assistance in the development of Burmese agriculture and industry. The amount seems reasonable.

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4. On the basis of a different set of statistics OPR has come to the same conclusion as [REDACTED] concerning Soviet capabilities to export armaments. A preliminary analysis by OPR concluded that the Soviet Bloc is more than able to meet the needs of the Arab States for arms. The table below lists the estimated availability of such equipment expected to be a prominent feature of any communist arms export program.

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SUBJECT: Review of [REDACTED]

Communist Bloc Arms Export Potential

<u>Type</u>	<u>Availability for Export</u>
Tanks	
T-34	23,000
JS-3	1,200
Self-propelled guns (heavy)	
SU-100	4,100
Aircraft (jet)	
MiG-15	1,000
MiG-17	1,000

5. While there is no definitive study of the amounts of capital equipment which the Bloc has available for export, high level communist leaders have recently stated that the export of such items will play a prominent role in Bloc trade with underdeveloped countries. Studies of the Soviet Bloc capital goods industries show that there is an export surplus, at least of the simpler forms of machine tools which are the types attractive to underdeveloped countries. Total Bloc offerings of aid to non-Communist nations has been estimated in GRR to be substantially less than one billion dollars to date, and this is considered to be well within the general capability of the Communist nations.

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OTTO E. JONES
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Research and Reports

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GRR/S/SP [REDACTED] 4280 (21 December 1955)

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